

JAHANGIR SIDDIQUI INVESTMENT BANK *Ltd.*

Financial Statements For The
Half Year Ended
December 31, 2004
(Un-Audited)

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COMPANY INFORMATION

Board of Directors	Mr. Mazharul Haq Siddiqui (Chairman) Mr. Maqbool Ahmed Soomro (Vice Chairman) Mr. Muhammad Yousuf Amanullah (Chief Executive Officer) Mr. Munawar Alam Siddiqui Mr. Salman Rashid Mr. Saad Saeed Faruqui Mr. Firasat Ali
Company Secretary	Mr. Muhammad Yousuf Amanullah
Auditors	Messrs. Ford Rhodes Sidat Hyder & Co. Chartered Accountants
Bankers	Allied Bank Limited Bank Al Falah Limited Bank Al Habib Limited Citibank N. A. KASB Bank Limited Metropolitan Bank Limited Muslim Commercial Bank Limited PICIC Commercial Bank Limited Saudi Pak Commercial Bank Limited
Share Registrar	Technology Trade (Pvt.) Limited 241-C, Block-2, P.E.C.H.S., Karachi.
Registered Office	1301-1303, 13th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi.

CHAIRMAN'S REPORT

TO THE MEMBERS

On behalf of the Board of Directors, I am pleased to present the un-audited financial statements, duly reviewed by our external auditors, for the half year ended December 31, 2004.

Economic Review

Our economic performance during FY04 to date has been sanguine. Growth has been fuelled by the commodity-producing sector, a substantial surplus reported in the current account, pick up in private sector credit and consistency in the budgetary targets. All other major economic indicators including exports, remittances, current account surplus, foreign exchange reserves, foreign direct investment and inflation represent sustained performance.

During the half year under review, the Stock market continued its bullish trend by depicting an overall growth of 17.8% to close at 6,218 points on December 31, 2004 as compared to 5,279 points as on June 30, 2004. New highs were recorded in the KSE-100 index in terms of both levels and average volume traded. Better economic indicators, sustained easing of Indo-Pak stringencies and improvements in Pakistan's credit rating by one notch to 'B+' for foreign currency and 'BB' for local currency by Standard & Poors were the main reasons for this growth in the market. Other factors included positive investor sentiment arising from the consistency in the budgetary targets coupled with positive corporate financial results.

Operating Performance

During the last six months your Company earned a post-tax profit of Rs. 181.96 million compared to a post-tax profit of Rs. 224.73 million over the corresponding period last year. The higher profit earned during the previous corresponding period was due to increased capital gains realized on sale of securities.

Credit Rating

The credit ratings of the Company are maintained at A+ "Single A plus" (Long term) and at A1 "A One" (Short term). The ratings denote a low expectation of credit risk and strong capacity for timely repayment of financial commitments.

Outlook

As regards the future, we remain dedicated to our core purpose of promoting savings and investment in Pakistan. Our action plan going forward consists of increasing the coverage of our activities and further strengthening our balance sheet. Our task is to consolidate our gains, leverage our accomplishments and sustain our growth momentum.

Acknowledgment

The Board places on record its appreciation for the dedicated services and hard work of the JSIBL team. We also thank our valued clients and the financial institutions for their support and confidence. The Board also expresses its gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Central Board of Revenue and the Stock Exchanges for their continued cooperation and guidance.

On behalf of the Board

Mazharul Haq Siddiqui
Chairman

Karachi: 25th February, 2005

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed Balance Sheet of JAHANGIR SIDDIQUI INVESTMENT BANK LIMITED as at December 31, 2004, and the related Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the half year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

BALANCE SHEET

AS AT DECEMBER 31, 2004
(UN-AUDITED)

		December 31, 2004	June 30, 2004
		Note ----- (Rs. in '000s) -----	
Assets			
Non-current assets			
Property, plant and equipment		11,750	11,453
Stock exchange membership card		11,101	11,101
Long term investments	4	523,947	351,434
Long term loans and term finances		67,200	20,431
Long term deposits		2,691	2,681
Deferred taxation		348	2,028
		617,037	399,128
Current assets			
Short term investments	5	1,447,052	1,309,003
Loans and advances	6	671,279	105,755
Fund placements		2,726,643	1,425,234
Receivable for sale of marketable securities		59,120	2
Prepayments, accruals & other receivables		58,234	39,549
Taxation-net		-	28,008
Cash and bank balances		15,828	195,060
		4,978,156	3,102,611
		5,595,193	3,501,739
Equity & Liabilities			
Share capital & reserves			
Authorised capital			
500,000,000 (June 30, 2004: 50,000,000) ordinary shares of Rs. 10 each		5,000,000	500,000
Issued, subscribed and paid up capital			
85,312,500 (June 30, 2004: 22,750,000) ordinary shares of Rs. 10 each		853,125	227,500
Reserves		276,414	720,077
Shareholders' equity		1,129,539	947,577
(Deficit) / Surplus on revaluation of investments		(15,885)	143,328
Non-current liabilities			
Certificates of deposit		12,300	-
Current liabilities			
Certificates of deposit		1,533,064	996,064
Trade and other payables		503,876	251,020
Short term borrowings	7	2,229,176	1,160,000
Payable for purchase of marketable securities		195,868	3,750
Taxation-net		7,255	-
		4,469,239	2,410,834
Contingencies and commitments			
	8		
		5,595,193	3,501,739

The annexed notes form an integral part of these financial statements.

Mazharul Haq Siddiqui
Chairman

Muhammad Yousuf Amanullah
Chief Executive

JAHANGIR SIDDIQUI INVESTMENT BANK Ltd

PROFIT AND LOSS ACCOUNT

FOR THE HALF YEAR ENDED
DECEMBER 31, 2004
(UN-AUDITED)

Note	Half-Year Ended		Quarter Ended	
	December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
----- (Rs. in '000s) -----				
Income				
	72,203	71,473	42,139	27,489
Income from investments/reverse repurchase transactions	12,128	11,923	7,623	2,340
Return on fund placements with financial institutions				
Capital gains on disposal of investments/ reverse repurchase transactions-net	9 171,646	182,280	28,196	5,112
Mark-up on loans and term finances	11,475	4,433	8,622	1,357
Consulting and corporate advisory fees	1,595	5,748	986	3,864
Commission and fees	11,450	1,373	5,993	314
Gain on sale of fixed assets	473	-	-	-
Other income	1,218	1,653	61	1,380
	282,188	278,883	93,620	41,856
Operating Expenses				
	48,466	23,345	21,687	10,675
Administrative and operating expenses	18,251	8,913	12,061	4,557
Return on certificates of deposit	6,628	304	6,213	133
Mark-up on short term running finance	25,284	15,128	16,905	5,411
Mark-up on borrowings from banks/ NBFCs	(98,629)	(47,690)	(56,866)	(20,776)
	183,559	231,193	36,754	21,080
Profit before taxation	(1,597)	(6,462)	571	(1,305)
Taxation	181,962	224,731	37,325	19,775
Profit after taxation				
	Rupees	Rupees	Rupees	Rupees
Basic Basic earnings per share	2.13	2.63	0.44	0.23

The annexed notes form an integral part of these financial statements.

CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED
DECEMBER 31, 2004
(UN-AUDITED)

	December 31, 2004	December 31, 2003
----- (Rs. in '000s) -----		
Cash flows from operating activities:		
Profit for the period before taxation	183,559	231,193
Adjustment for:		
Provision for staff bonus	2,250	1,500
Depreciation on fixed assets	2,190	1,588
Gain on sale of fixed assets	(473)	-
Lease finance charges	-	3
	3,967	3,091
	187,526	234,284
(Increase) / Decrease in operating assets:		
Long term loans and term finance	(46,769)	691
Short term investments	(299,511)	204,964
Loans and advances	(565,524)	75,184
Funds placements	(1,301,409)	154,832
Receivable from sale of marketable securities	(59,118)	17,190
Prepayments, accruals and other receivables	(18,685)	4,046
	(2,291,016)	456,907
Increase / (Decrease) in operating liabilities:		
Trade and other payable	255,106	106,202
Short-term borrowings	(210,000)	(951,000)
Payable for purchase of marketable securities	192,118	(20,186)
	237,224	(864,984)
Net cash (used in) operating activities before income tax	(1,866,266)	(173,793)
Income tax refund	33,095	24,241
Net cash (used in) operating activities	(1,833,171)	(149,552)
Cash flows from investing activities:		
Acquisition of fixed assets	(2,664)	(4,761)
Sale proceeds from disposal of fixed assets	650	-
Net cash (outflow) from long term investments	(172,513)	(95,901)
Dividend paid	-	(28,022)
Net cash (used in) from investing activities	(174,527)	(128,684)
Cash flows from financing activities:		
Long term deposits	(10)	(1,313)
Payment of lease rentals	-	(39)
Issuance of Certificates of deposit	549,300	428,705
Net cash generated from financing activities	549,290	427,353
Net (decrease) / increase in cash and cash equivalents	(1,458,408)	149,117
Cash and cash equivalents at beginning of the period	195,060	(197,173)
Cash and cash equivalents at end of the period	(1,263,348)	(48,056)

The annexed notes form an integral part of these financial statements.

Mazharul Haq Siddiqui
Chairman

Muhammad Yousuf Amanullah
Chief Executive

JAHANGIR SIDDIQUI INVESTMENT BANK Ltd

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED DECEMBER 31, 2004
(UN-AUDITED)

	Issued, Subscribed and Paid-up Capital	Reserves			Total	Total
		Capital	Revenue			
		Special Reserve	Reserve for issue of bonus shares	Unappro- priated Profit		
----- (Rs. in 000s) -----						
Balance as at July 1, 2003-as previously reported	227,500	94,202	-	219,300	313,502	541,002
Effect of change in accounting policy						
Final dividend for the year ended June 30, 2003 declared subsequent to the year end	-	-	-	28,438	28,438	28,438
Balance as at July 01, 2003-restated	227,500	94,202	-	247,738	341,940	569,440
Effect of change in accounting policy						
Final dividend for the year ended June 30, 2003 declared subsequent to the year end				(28,438)	(28,438)	(28,438)
Net profit for the period	-	-	-	224,731	224,731	224,731
Balance as at December 31, 2003	227,500	94,202	-	444,031	538,233	765,733
Balance as at July 01, 2004	227,500	182,342	227,500	310,235	720,077	947,577
Effect of change in accounting policy						
Bonus declared subsequent to the year end	-	-	(227,500)	227,500	-	-
Balance as at July 01, 2004-restated	227,500	182,342	-	537,735	720,077	947,577
Effect of change in accounting policy						
Bonus declared subsequent to the year end	-	-	227,500	(227,500)	-	-
Net profit for the period	-	-	-	181,962	181,962	181,962
Bonus shares issued during the period	625,625		(227,500)	(398,125)	(625,625)	-
Balance as at December 31, 2004	853,125	182,342	-	94,072	276,414	1,129,539

These annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2004
(UN-AUDITED)

1. Legal status and operation

Jahangir Siddiqui Investment Bank Limited (JSIBL) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and is quoted on the Karachi Stock Exchange. The registered office of the Company is situated at 13th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi, Pakistan. JSIBL is licensed to carry out business of investment finance services as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP) (previously this was covered under SRO 585(1)/87 dated July 13, 1987, issued by the Ministry of Finance). The Company is a subsidiary of Jahangir Siddiqui & Company Limited.

2. Basis of presentation

These financial statements are unaudited but subject to limited scope review by auditors and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standards 34 "Interim Financial Reporting" as applicable in Pakistan.

3. Accounting Policies

The accounting policies and methods of computation followed for the preparation of these financial statements are the same as those applied in preparing the financial statements for the year ended June 30, 2004 except for the change in accounting policy as stated below:

Change in accounting policy

During the period, the Securities and Exchange Commission of Pakistan substituted the Fourth Schedule to the Companies Ordinance, 1984, which is effective from the financial year ending on or after July 05, 2004. This has resulted in the change in accounting policy pertaining to recognition of dividend and other appropriations (except statutory reserve) declared subsequent to the year/period end. Dividend and other appropriations of profit are now recognized in the period in which these are declared. Up until the previous year, dividends declared and appropriations made after the balance sheet date but before the financial statements were authorized for issue, were recognized as of the balance sheet date. The change in accounting policy has been accounted for retrospectively and comparative information has been restated in accordance with the benchmark treatment specified in IAS-8 (Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies). Had there been no change in accounting policy, the unappropriated profit would have been lower by Rs. 227,500(000) [June 30, 2003: 28,438(000)] and the trade and other payable would have been higher by Rs. Nil [June 30, 2003: 28,438(000)] and reserve for the issue of bonus shares would have been higher by Rs. 227,500(000) [June 30, 2003: Nil]. The effect of the change in accounting policy has been reflected in the statement of changes in equity. The change in accounting policy has not resulted in any change in the profit for the current period.

	December 31, 2004	June 30, 2004
	----- (Rs. in '000s) -----	
4. Long term investments		
Available-for-sale		
Listed shares/ units / rights entitlement	523,947	351,434
5. Short term investments		
Available-for-sale		
Listed securities		
Open-ended mutual funds units	591,566	191,594
Term finance certificates	363,943	480,744
Unlisted securities		
Term finance certificates	142,969	98,232
WAPDA Bonds	-	50,750
Held for trading		
Government securities		
Pakistan Investment Bonds	151,835	379,302
Listed shares	196,739	108,381
	1,447,052	1,309,003

		December 31, 2004	June 30, 2004
----- (Rs. in '000s) -----			
6.	Loans and advances		
	Term loan -Considered good	420,416	81,590
	-Considered doubtful	-	12
	Discounted promissory notes-considered good	-	9,805
		420,416	91,407
	Less: Provision for non-performing loan	-	12
		420,416	91,395
	Current maturity of long term loans and term finances	7,163	4,360
		427,579	95,755
	Short term advances	243,700	10,000
		671,279	105,755
7.	Short term borrowings		
	Borrowings from banks / NBFC's - unsecured	950,000	1,160,000
	Running finance under markup arrangements - secured	7.1 1,279,176	-
		2,229,176	1,160,000

7.1 This represents aggregate facilities of running finance available from commercial banks for one year and are renewable. The rate of markup ranges between 5.5 to 6.5 percent per annum on daily product basis. These arrangements are secured by pledge of shares and term finance certificates.

8. Contingencies and Commitments

8.1 Contingencies

There is no significant change in the status of contingent liabilities of the company since the last annual financial statements.

8.2 Commitments

Forward sale commitments	-	63,908
Underwriting commitments	293,000	523,000
Pre-IPO commitments	40,000	65,000

Note	Half-Year Ended		Quarter Ended	
	December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
----- (Rs. in '000s) -----				

9.	Capital Gains / (Loss) on Disposal of Investments / Reverse Repurchase Transactions				
	Listed shares	9.1 175,188	193,060	33,062	9,459
	Term finance certificates	4,792	318	407	318
	Treasury bills	-	79	-	88
	Open-ended mutual funds units	(2,242)	-	-	-
	WAPDA bonds	416	2,100	-	415
	Government securities	(6,508)	(13,277)	(5,273)	(5,168)
		171,646	182,280	28,196	5,112

- 9.1 Includes capital gain on disposal of listed shares amounting to Rs. 20,041 (thousand) [December 2003: Rs. 6,048 (thousand)] in respect of reverse repurchase transactions. Also includes accrued price differential on unsettled reverse repurchase transactions.
10. Includes fee for increase in authorized share capital amounting to Rs. 8.7 million (December 31, 2003: Nil) and royalty amounting to Rs. 2.5 million (December 31, 2003: Nil)
11. Transactions with Related parties

	Half-Year Ended		Quarter Ended	
	December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
	----- (Rs. in '000s) -----			
Cumulative sum of money market instruments purchased	1,026,670	991,897	661,328	555,405
Cumulative sum of money market instruments sold	1,723,528	825,616	551,478	134,698
Cumulative sum of funds borrowed from financial institutions	-	585,000	-	585,000
Expense on funds borrowed from financial institutions	-	76	-	76
Sale of marketable securities (including resale under reverse repurchase agreements)	12,279,798	3,076,075	7,951,856	1,006,467
Purchase of marketable securities (including purchase under reverse repurchase agreements)	12,963,031	2,914,645	8,445,083	884,134
Brokerage	256	408	145	182
Rent	1,027	924	509	462
Security services	71	72	35	36

12. Segment Information

Primary segment information

For financial reporting purposes the company has identified two major business segments:

- Capital market operations - principally engaged in dealing in equity instruments of enterprises listed on the stock exchange.
- Money market operations - principally providing money market, trading and treasury services, as well as management of the company's funding operations by use of treasury bills, Government securities and placements and acceptances with other companies, through treasury and wholesale banking.

These segments are the basis on which the company has identified its primary segment information. Other operations of the company comprise of underwriting, trusteeship, portfolio trading services, loans and advances and consultancy services.

	Half-Year Ended			Total
	Capital market	Money market	Others	
----- (Rs. in '000s) -----				
Segment results for the half-year ended December 31, 2004				
Gross operating income	201,807	54,168	26,213	282,188
Segment results	199,929	27,005	19,842	246,776
Unallocated costs				(63,217)
Profit before taxation				183,559
Income tax expense				(1,597)
Net profit for the period				<u>181,962</u>
Segment results for the half-year ended December 31, 2003				
Gross operating income	216,005	49,671	13,207	278,883
Segment results	215,064	32,620	8,361	256,045
Unallocated costs				(24,852)
Profit before taxation				231,193
Income tax expense				(6,462)
Net profit for the period				<u>224,731</u>

13. General

13.1 The figures of the profit and loss account for the quarters ended December 31, 2004 and December 31, 2003 have not been subject to a limited scope review, as the scope of the review covered only the cumulative figures for the six months ended December 31, 2004.

13.2 Due to certain changes made by the Securities & Exchange Commission of Pakistan in the Fourth Schedule to the Companies Ordinance, 1984 vide SRO 589(I)/2004 dated July 05, 2004, previous period's figures have been rearranged or reclassified wherever necessary for the purpose of comparison.

13.3 These financial statements were authorized for issue by the Board of Directors on 25th February, 2005.

13.4 Figures have been rounded off to the nearest thousand rupees.

Mazharul Haq Siddiqui
Chairman

Muhammad Yousuf Amanullah
Chief Executive

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If undelivered please return to:-

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